

Message Text

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PAGE 01 PEKING 01181 100858Z

ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ECON, CH

SUBJ: FACTORY OBSERVATIONS IN NANKING, WUHSI, SHANGHAI
AND HANGCHOW

1. SUMMARY: FROM JUNE 2-8 USLO OFF VISITED THE
NANKING PETROCHEMICALS PLANT, THE NANKING CHEMICALS
COMPANY, THE WUHSI ELECTRIC WIRE AND CABLE FACTORY,
THE WUHSI DIESEL ENGINE PLANT, THE SHANGHAI TRUCK
FACTORY, THE SHANGHAI NUMBER THREE MACHINE TOOL
COMPANY, THE HANGCHOW SILK BROCADE FACTORY, AND
THE HANGCHOW WEST LAKE BAMBOO PRODUCTS FACTORY.
THE FOLLOWING ARE GENERAL OBSERVATIONS MADE DURING
THESE VISITS. END SUMMARY.

2. THE FACTORIES VISITED WERE ALL IN THE MIDST
OF LABOR EMULATION CAMPAIGNS. THE CAMPAIGN
APPEARED PERFUNCTORY AND SUBDUED AT THE HANGCHOW
FACTORY. IT APPEARED TO BE QUITE INTENSE
AT THE LARGER HEAVY INDUSTRIAL PLANTS,
PARTICULARLY THE SHANGHAI NUMBER THREE MACHINE
TOOL COMPANY. THE LATTER DISPLAYED A MARCH 23
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PAGE 02 PEKING 01181 100858Z

CHALLENGE MESSAGE FROM THE SHANGHAI NUMBER
EIGHT MACHINE TOOL COMPANY SETTING THE
FOLLOWING CAMPAIGN TARGETS: LABOR GROUP
ATTENDANCE OF 95 PERCENT OR OVER; ACHIEVEMENT
OF PRODUCT SPECIFICATIONS (QUALITY CONTROL)
OF 98.2 PERCENT; ACHIEVEMENT OF MACHINERY
MAINTENANCE STANDARDS OF 85 PERCENT DURING

THE FIRST HALF OF 1977 AND 90 PERCENT DURING THE SECOND HALF; TECHNICAL INNOVATIONS OF TWO PER WORKER; UNCOMPENSATED OVERTIME WORK OF 100 HOURS PER YEAR PER WORKER. THE FACTORY WAS DRAPED WITH SMALL BANNERS WHICH PRAISED INDIVIDUAL WORKERS FOR PLAN OVERFULFILLMENT (FOR MAY) OF VARIOUS PERCENTAGES.

3. ALL FACTORIES EXCEPT THE HANGCHOW SILK BROCADE FACTORY REPORTED FULFILLMENT OF LAST YEAR'S PRODUCTION PLAN. EACH FACTORY REPORTED BETTER PERFORMANCE THIS YEAR THAN DURING THE COMPARABLE PERIOD OF 1976. PLANT OFFICIALS IN SHANGHAI SPOKE MORE CONVINCINGLY AND IN GREATER DETAIL OF SABOTAGE OF THE GANG OF FOUR SABOTAGE. BOTH PLANTS OFFICIALS SPOKE OF THE GANG'S REMNANT POISON AND THE NEED TO CARRY OUT RECTIFICATION. THE SHANGHAI NUMBER THREE MACHINE TOOL COMPANY'S WORKSHOPS CONTAINED LONG INDICTMENTS OF THE GANG'S CRIMES FROM SUCH AGENCIES AS THE CITY'S PUBLIC SECURITY BUREAU.

4. FACTORY OFFICIALS INVARIABLY DENIED THAT MATERIAL INCENTIVES ARE BEING OR WILL BE OFFERED FOR PLANT OVERFULFILLMENT. A NUMBER OF OFFICIALS SPOKE OF THE NEED TO CONTINUE TO RESTRICT BOURGEOIS RIGHTS. THE QUESTION OF PROFITS, ON THE OTHER HAND, WAS DISCUSSED LIMITED OFFICIAL USE

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PAGE 03 PEKING 01181 100858Z

FREELY, IF IN GENERAL TERMS, BY PLANT OFFICIALS. THE GENERAL RESPONSE TO QUESTIONS ON WAGE ADJUSTMENTS WAS THAT THESE WILL BE MADE ON THE BASIS OF NATIONAL PRODUCTION. THE SPOKESMAN AT THE SHANGHAI MACHINE TOOL COMPANY STATED, HOWEVER, THAT AN ADJUSTMENT WOULD BE FORTHCOMING IN THE SECOND HALF OF THIS YEAR.

5. DETAILED REPORTS ON THESE VISITS WILL FOLLOW BY AIRGRAM.
THOMAS

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NNN

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